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C O N F I D E N T I A L SECTION 01 OF 03 WELLINGTON 000475

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STATE FOR EAP A/S HILL AND EAP/ANP
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E.O. 12958: DECL: 06/15/2015

TAGS: [PREL](#) [PGOV](#) [NZ](#)
SUBJECT: NZ FOREIGN MINISTER PUTS POSITIVE SPIN ON TOUGHER
WASHINGTON MESSAGE

REF: A. STATE 112199
B. WELLINGTON 452

Classified By: AMBASSADOR CHARLES J. SWINDELLS,
FOR REASONS 1.4 (B) AND (D)

[¶1.](#) (C) SUMMARY: Ambassador Swindells recently met with NZ Foreign Minister Phil Goff to discuss the latter's visit to Washington. Goff painted an upbeat message about his recent U.S. visit, but obviously had heard Washington's tougher message regarding the negative effect of New Zealand's policies on its prospects for an FTA. Goff's unacceptable response -- that New Zealand is happy working around the edges of the status quo -- was considerably more inflexible than the Prime Minister's words on the issue (ref B). This may reflect 1) Goff's own feelings regarding the importance of the nuclear ban; 2) the refusal of National Party leader Don Brash to admit during a weekend news interview that he favors ending the ban; 3) the consensus of the Cabinet, which met on June 13, that the ban must stay; or some combination of the three. Whatever the reason, we appreciate Washington's consistent message to Goff and will continue to work quietly on a strategy for an improved U.S.- New Zealand dialogue during the weeks or months before New Zealand's general election . END SUMMARY.

[¶2.](#) (C) Ambassador Swindells met on June 13 with Foreign Minister Phil Goff to discuss the latter's recent visit to the United States and Canada. Goff was enthusiastic about his meetings in Washington, which he said had offered him a chance to meet with newly-appointed officials whose responsibilities include New Zealand. He appreciated the chance to talk with his counterparts about a wide range of issues, including China, Indonesia, Iraq and Afghanistan.

Still Bucking for an FTA

[¶3.](#) (C) Goff had obviously heard loud and clear in his meetings that New Zealand will not be able to begin FTA negotiations with the United States at this time. In describing his FTA-related Washington conversations to the Ambassador, the Minister nevertheless put a positive spin on New Zealand's prospects for an eventual agreement. While acknowledging that Deputy Secretary Zoellick had cautioned that CAFTA must first get through Congress and the United States must follow through on negotiations with countries already in the queue, Goff stressed that Congress seemed positive regarding a possible trade deal with New Zealand. Furthermore, he noted that the Deputy Secretary had said that USTR Portman would take the lead on any US-NZ FTA. The latter is a good friend to New Zealand, Goff said. He added that the Deputy Secretary had not said anything to indicate he would oppose a trade deal.

[¶4.](#) (C) We could not help but notice, however, that Goff was somewhat less exuberant about the prospects of an FTA in the near term than he had been after his last trip to Washington. He no longer spoke of the growing numbers of members in the Friends of New Zealand caucus. Instead, he only said that there seems to be an appreciation of New Zealand's position in Congress. He also said for the first time that it is in the end the Administration's choice whether or not to pursue a trade deal. (He did add that it seems NZ is in a better position for this than before.)

[¶5.](#) (C) Goff admitted things with CAFTA look difficult and it is likely it will take Congress until December to approve it. The Ambassador said that the Administration would also need to get Congress to renew Trade Promotion Authority. Goff said that New Zealand favored CAFTA as a way of assuring a stable, prosperous Central America and a means by which the United States could pass democratic values on to the region. For this reason, Ambassador Wood would promote CAFTA on the Hill, including with Friends of New Zealand Caucus co-chair Congresswoman Tauscher, who opposes the Central American deal.

15. (C) Goff also played down any message he had heard regarding Washington's continued concern over New Zealand's nuclear ban. The only meeting in which he mentioned the issue had come up was his session with Acting Deputy Secretary of Defense England. Even here, Goff said he had

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anticipated the Acting Deputy Secretary would raise the issue, and he had done so in the context of a broader, positive discussion. DoD is pleased New Zealand is increasing its defense budget, Goff stressed.

16. (C) The Ambassador then described his own recent trip to Washington. He had heard nothing but positive things about New Zealand, he said, but also a lot of questions about how we could raise the level of bilateral cooperation. Because of all the challenges in the world, it is important to find flexibility. As he had remarked to PM Clark during their meeting last week, the degree to which we can do this can only be known if we keep talking. We should do this sooner rather than latter, the Ambassador said. Goff said he appreciated the Ambassador's wish to move the relationship forward, and assured him that the PM and he shared this wish. It makes not sense not to do so, when, for example, we are cooperating so much in Operation Enduring Freedom. It is strange not to conduct military exercises together when we are fighting together.

17. (C) But, said Goff, like many small countries, New Zealand fiercely maintains its independent way of thinking. The Ambassador said he understood the country's sense of independence and individuality, but NZ officials might be surprised how much flexibility NZ could maintain and still address Washington's concerns. Goff said flexibility is a good thing. The Prime Minister has said that New Zealand cannot alter its legislation. The key was therefore to try to move forward within this limitation. There was no reason why any ship other than a carrier or sub could not come to New Zealand. New Zealand has no need or desire for nuclear power, and Kiwis would not shift the anti-nuclear policy willingly. In fact, Goff said, the harder they are pushed on this issue the more dug in they will become. (Comment: The same can obviously be said about Minister Goff's own views on the legislation. End Comment.)

18. (C) The Ambassador said that the issue nuclear propulsion was really the issue of America's naval presence in the region. Japan, Taiwan, and Korea all want us here, he said. We need to discuss this. Even if nothing changed, we'd know we had tried. Goff said that New Zealand was happy living with the status quo but loosening it around the edges. He stressed that the Government has said and will continue to say it wants the United States in the region. In fact, Goff said that during his meetings he had encouraged U.S. officials to engage more, given China's "charm offensive" in Asia. He said he hoped that Secretary Rice would attend the Asia Regional Forum meeting.

19. (C) Goff reiterated that his Government is keen to work together with the United States within the parameters of no change to the nuclear legislation. He said that NZ officials feel in some sense that the initiative is with the United States, and added that New Zealand would respond positively to a non-nuclear U.S. ship visit if the United States Navy made this offer. The PM's yearly blanket approval of C-17s has not been a problem. The question is how we can improve relations militarily and otherwise. The Ambassador asked if this meant New Zealand officials would have an open mind and come to a meeting, which would be "under the radar." Goff said that the Government could not do anything other than what it had committed to the electorate to do. Any Labour attempt to repeal the legislation would be seen as a betrayal, he said. Such a move would destroy the National Party as well, he said, as witnessed by National Party leader Don Brash's unwillingness to openly admit he supported ACT Party's Ken Shirley's members bill that would revise the ban. (NB: The bill, which had been submitted months ago, has recently come up for inclusion on Parliament's calendar, probably late next month or early in August.) U.S. politicians would understand Labour's position, Goff added.

COMMENT

110. (C) Comment: Goff's hard nosed approach after the PM's apparently more conciliatory message last week is striking. We suspect that because National's Brash has (understandably) refused to make this an election issue, Labour feels emboldened to harden its line. That being said, the wind is going out of the Government's sails on the FTA and it is obvious that they are reacting to a harder message from Washington. Their probing for a ship visit while still

refusing to even discuss the ban is an indication that they'd like to have their cake and eat it too. We thank Washington officials for their unified message to New Zealand counterparts, and continue to believe that -- after elections -- the Government may be willing to come to a dialogue if they know they need to. If they don't, calling them publicly into account would be appropriate on our part. End Comment.

Swindells